



CONTRACTOR PURCHASING SYSTEM REVIEWS (CPSRs)

DCMC GROUP LEADERS CONFERENCE

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PURPOSE OF A CPSR

- **Manage risk where cost type contracts used**
- **Provide basis for Contracting Officer to approve purchase system and waive consent requirements**
- **Evaluate efficiency and effectiveness of prime contractors' purchasing systems**
- **Ensure compliance with Government acquisition regulations (FAR Part 44) and contract clauses**



RISK BASED POLICIES/PROCEDURES FAR/DFARS PART 44 CHANGES

- **CPSR threshold raised from \$ 10 to \$25 Million**
- **Three year requirement for CPSR changed to conduct risk assessment to determine where needed**
- **Eliminated subcontract consent requirement when contractor has an approved purchasing system**
- **Eliminated outdated DFARS instructions not based on risk assessment concept**
- **Eliminated consideration of**



DRAFT ONE BOOK CHAPTER

- **Consolidate CPSR and Consent to Subcontract**
 - **One process - DCMC policy more consistent w/FAR**
- **New chapter based on Supplier Risk Management Approach**
 - **Reviews conducted only when risk assessment shows need**
 - **Maximum use made existing Contractor/Government data**
 - **Contractors encouraged to use Best Value**



DRAFT CPSR GUIDEBOOK

- **Guidebook based on Supplier Risk Management**
 - **Encourage tailoring of all CPSRs**
 - **Involve Management Councils in Risk Assessments**
 - **Use Risk Assessment “how to” formats**
- **Directive language eliminated**
- **One Book links updated**



NEW CPSR COMPUTER PROGRAM

- **Used to assist CPSR analyst during reviews**
- **Old program was outdated; update needed**
- **CPSR 6.0 being field tested - February**



CPSR WORKSHOP

- **Forty CPSR specialists participated in workshop**
- **Workshop trained participants on new CPSR program**
- **Discussions focused on commerciality & electronic commerce**



DCMC-O LETTER TO CONTRACTORS

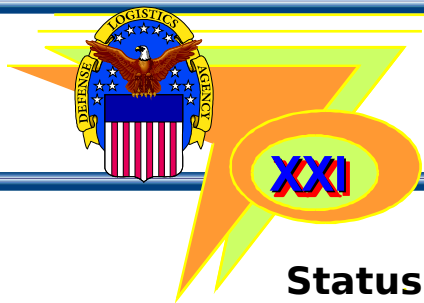
- **Contractors reported reluctant to adopt commercial practices in for fear of negative CPSR**
 - **electronic commerce**
 - **credit card purchases**
 - **paperless systems**
- **Policy of DoD and DCMC to encourage contractors to use innovative commercial practices when subcontracting**
- **Letter sent to 357 CPSR contractors to dispel misconceptions**



CORPORATE WIDE INITIATIVES

Reduce number of reviews and promote consistency

- **Lead CPSR Analyst concept - Raytheon/Lockheed**
 - **Conducts review of corporate wide procurement policies - interface with Management Council**
 - **Results of review is shared with local CPSR teams**
 - **Local CPSR teams limit their reviews compliance with corporate policies and local procurement procedures**



SUMMARY OF RESULTS

Status as of February 2000

**Barriers Removed-
FAR/One Book
Changed**

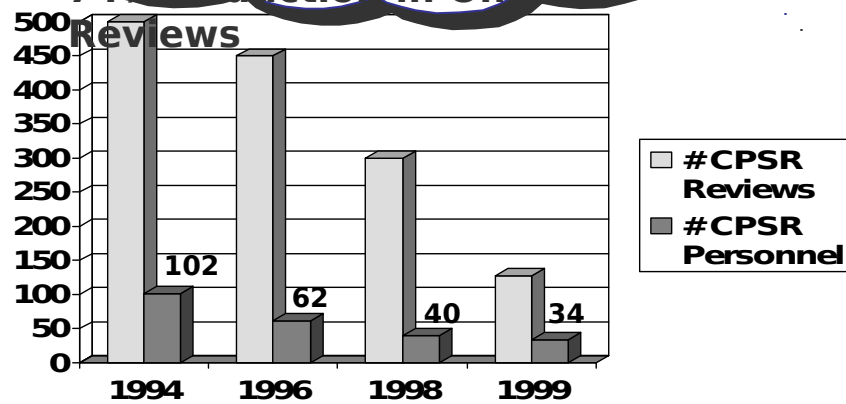
**Business
Improvements-
Implement Risk
Assessment Mgmt**

**Streamlined Processes
- CPSR Guidebook
Updated**

**50% Reduction in Review Man
hours**

67% Personnel Reduction

74% Reduction in Onsite



Insight Vice Oversight

**Taking Maximum Advantage of FAR
Changes**

- ▢ All Reviews Tailored Based on Risk
- ▢ Maximum Use of Available Data
- ▢ Best Value practices encouraged